



Suite 1400, 400 Burrard Street  
Vancouver, British Columbia  
V6C 3A6 Canada

e: info@contactgold.com  
p: +1 (604) 449-3361  
w: contactgold.com

---

## CONTACT GOLD REPORTS Q2 2017 FINANCIAL AND OPERATING RESULTS

**Vancouver, B.C. (August 30, 2017) – Contact Gold Corp. (the "Company" or "Contact Gold") (TSXV: C)** is pleased to announce its financial and operating results for the six months ended June 30, 2017.

The interim financial statements reflect the closing of the transaction to create Contact Gold (the "Transactions") including the acquisition of an extensive portfolio of target rich mineral exploration properties located on and around the Carlin, Independence and Northern Nevada Rift gold trends in the State of Nevada (the "Contact Gold Properties").

An active exploration program is ongoing at the Company's Pony Creek gold property, with a 4,500-metre reverse circulation and core drill program underway, primarily in areas of previously drilled gold mineralization which have received limited follow up by previous operators. Desktop studies and fieldwork, including geophysics, mapping, rock and soil sampling, and historic data compilation are also underway.

As of June 30, 2017, the Company has \$11.8 million available in cash, with no significant balance of accounts payable or accruals due. All dollar amounts are presented in Canadian dollars unless otherwise stated.

Receipt of initial drill results is expected in September 2017, with planned regular updates to be delivered as programs continue through the remainder of the year.

### **Company highlights through and subsequent to June 30, 2017:**

- Closed a reverse take-over transaction to establish Contact Gold on June 7, 2017
- Raised \$19.6 million, net of transaction and financing costs on June 7, 2017
- Closed acquisition to acquire the Contact Gold Properties on June 7, 2017
- Trading of Contact Gold's common shares began on the TSX Venture Exchange under the symbol "C" on June 15, 2017
- Receipt of approved Notice of Intent on July 18, 2017, allowing for up to 1.32 acres of new disturbance in the form of access roads and 17 drill pads at Pony Creek
- Launched Phase 1 of 2017 drill program at Pony Creek on July 24, 2017

Details of financial results for the three and six months ended June 30, 2017 are described in the unaudited condensed interim consolidated financial statements and related notes thereto (the "Interim Financial Statements"), and the corresponding Management's Discussion and Analysis, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Further details on the Company's projects and activities can be found on Contact Gold's website at [www.contactgold.com](http://www.contactgold.com).

### **Pony Creek**

Phase 1 of the 2017 drilling program at Pony Creek is underway, with plans to complete over 4,500 metres of diamond core and RC drilling through the early Fall. Drilling will be focused on delineating and expanding existing mineralized zones in the central, northern and eastern areas of Pony Creek, with an emphasis on validating gold mineralization within the historic mineral resource area (see property map showing current target areas and historic drilling at: [http://www.contactgold.com/\\_resources/news/nr\\_20170720-Map.pdf](http://www.contactgold.com/_resources/news/nr_20170720-Map.pdf)).

A 4,500 metre Phase 2 program is expected to begin mid-October, and continue through the remainder of 2017. The combined budget for Phases 1 and 2 is approximately \$4.2 million.

Pony Creek comprises 7,285 hectares on the Carlin Trend in the southern part of the Pinon Range in Nevada. Historic exploration efforts at Pony Creek focused on a very small area, following-up on the initial discovery of meaningful gold mineralization in the early 1980's; there has been only limited exploration work undertaken by previous operators on approximately 70% of the property. Contact Gold believes much of this underexplored area to be underlain by the same prospective regional gold host units at which high grade gold discoveries have recently been announced by other operators in the district on the adjacent property to the north.

Early results of the comprehensive, property-wide field program including soil sampling with rock chip follow up, systematic stratigraphic and structural mapping, and ground based geophysical programs have already identified multiple new drill targets.

## The Transactions

On June 7, 2017, the following transactions closed, pursuant to a court approved statutory plan of arrangement:

### Financing

The Company closed financings to raise gross proceeds of \$18,500,000, issuing that same number of common shares. A total of \$0.95 million in agent and financial advisory fees were paid in connection with the financings.

### The Reverse Take-over ("RTO")

All of the issued and outstanding shares of Carlin Opportunities Inc. ("Carlin") were exchanged for all of the common shares of Contact Gold. The nature of the transaction constitutes an RTO, and although now a legal subsidiary of Contact Gold, for accounting and financial reporting purposes Carlin has been identified as the accounting acquirer and is presented in the Interim Financial Statements as the parent company. Accordingly, the comparative financial information reflects only the assets, liabilities and operations of Carlin since its November 23, 2016 incorporation.

### Acquisition of Clover

Contact Gold also acquired Clover Nevada II LLC ("Clover"), the entity that holds the Contact Gold Properties. Consideration paid, and the values thereof, in addition to \$0.59 million in transaction costs allocated to the purchase price, has been accounted for as follows:

- \$7 million in cash
- \$18,550,000 in common shares
- Approximately \$15 million in Preferred Shares

## Selected financial data

The following selected financial data is derived from the Interim Financial Statements, as prepared in accordance with International Financial Reporting Standards.

The information in the tables below is presented in \$000s except per share data:

	<u>Three months ended</u> <u>June 30, 2017</u>	<u>Six months ended</u> <u>June 30, 2017</u>
Attributable to shareholders:		
Loss for the period	\$373	\$837
Loss and comprehensive loss for the period	\$1,942	\$2,406
Basic and diluted loss per share	\$ 0.01	\$ 0.02

  

	<u>As at June 30, 2017</u>	<u>As at December 31, 2017</u>
Cash	\$11,812	\$ -nil
Working capital/(deficit)	\$11,714	(\$1,005)
Total assets	\$51,580	\$3
Current liabilities	\$389	\$1,005
Preferred shares	\$12,907	\$ -nil
Shareholders' equity/(deficit)	\$38,285	(\$274)

Consistent with IFRS accounting standards for an RTO transaction, the number of common shares issued at outstanding at June 30, 2016 (50,234,486)(and that which is reflected at December 31, 2016, having adjusted retrospectively for the 8-for-1 share rollback: 2,769,486) are those of Contact Gold, the legal entity, while the values reflected are those of Carlin, the accounting acquirer.

Losses attributable to shareholders for the three and six months ended June 30, 2017 of \$0.38 million and \$0.84 million, respectively, reflect primarily non-cash expenses arising from the RTO transaction (\$2.2 million “listing expense”), net of a fair value adjustment recognized on the embedded derivatives within the Preferred Shares (gain \$1.87 million) and a foreign currency gain of \$0.33 million, as well as costs incurred for professional, legal and advisory fees, wages and salaries and exploration and evaluation of the Company’s exploration property interests. During the six months ended June 30, 2017, expenditures on the Pony Creek property were relatively minimal reflecting the short period from acquisition to period end. Approximately \$0.08 million in expenditures had been incurred through period end for exploration at the Contact Gold Properties.

Other comprehensive loss attributable to shareholders for the three and six months ended June 30, 2017, was \$1.57 million for each period, and reflects the foreign currency impact arising on the post-acquisition carrying value of the Contact Gold Properties.

Net cash operating outflows for the six-month periods ended June 30, 2017 of \$0.78 million reflects settlement of balances due to service providers and vendors after closing of the Transaction.

The Company’s has elected to capitalize mineral property acquisition costs and expense exploration expenses as incurred. The acquisition of Clover was determined to be an acquisition of assets, as Clover did not meet the definition of a business pursuant to accounting standards. Total assets at June 30, 2017 comprise primarily the exploration and evaluation assets of \$39.41 million, including the acquisition “bump” of \$35.01 million attributed to, and subsequently allocated across, the individual Contact Gold Properties, net of the \$1.57 million foreign currency adjustment, and \$11.81 million in cash. At December 31, 2016, total assets included \$0.72 million in expenditures deferred in advance of closing the Transactions. Some of the deferred balance at year end was subsequently included as part of the \$0.59 million in cost capitalized to the acquisition of the Contact Gold Properties, while a portion was included within the total of \$1.56 million share issue costs, offsetting the value of share capital.

Total liabilities at June 30, 2017 and December 31, 2016, include the value of the Preferred Shares (\$12.91 million), and accounts payable (\$0.19 million) and accruals (\$0.20 million). The Preferred Shares were concluded to be a form of obligation, and have been included as a non-current liability. The terms and conditions of the Preferred Shares are detailed in the Interim Financial Statements. The value of the Preferred Shares reflects both a “host” component of the instrument and certain embedded derivatives. At inception these were determined to be \$8.14 million and \$6.85 million, respectively. The fair values of each will change from period to period, including (i) an accretion to the host, (ii) a fair value adjustment, and the (iii) the impact of foreign exchange on the embedded derivatives (\$0.10 million, \$1.87 million gain, and \$0.31 million gain, respectively in the period from issuance to June 30, 2017).

### **About Contact Gold Corp.**

Contact Gold is a gold exploration company focused on leveraging its properties, people, technology and capital to make district scale gold discoveries in Nevada. Contact Gold’s extensive land holdings are on the prolific Carlin and Independence gold trends which host numerous gold deposits and mines. Contact Gold’s land position is comprised of 24,772 hectares (247 square kilometres) of target rich mineral tenure which hosts numerous known gold occurrences, ranging from early- to advanced-exploration and resource definition stage.

Additional information about the Company is available at [www.contactgold.com](http://www.contactgold.com). For more information, please contact:

Matthew Lennox-King  
President & Chief Executive Officer  
E-mail: [info@ContactGold.com](mailto:info@ContactGold.com)

Andrew Farncomb  
SVP Corporate Development

*Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*

## **Cautionary Note Regarding Forward-Looking Information**

*This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to planned expenditures through the remainder of the year, and the anticipated exploration activities of the Company at Pony Creek.*

*These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in spot and forward prices of gold, silver, base metals or certain other commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability of increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); and title to properties. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

## **Pony Creek and Information Regarding Historical Resources**

*The scientific and technical information contained in this news release has been reviewed and approved by Vance Spalding, CPG, VP Exploration, Contact Gold, who is a "qualified person" within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").*

*The information contained herein is subject to all of the assumptions, qualifications and procedures set out in a technical report entitled "Technical Report on the Pony Creek Gold Project, Elko County, Nevada, USA" dated April 18, 2017, and effective March 15, 2017), prepared by Michael M. Gustin, C.P.G. of Mine Developments Associates of Reno, Nevada (the "Technical Report"), which can be viewed under Contact Gold's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com), and reference should be made to the full details of the Technical Report.*

*Pony Creek is an early stage exploration property and does not contain any mineral resource estimates as defined by NI 43-101. There has been insufficient exploration to define a mineral resource estimate at Pony Creek or on any of Contact Gold's properties.*

*Mineral resources are not mineral reserves and do not have demonstrated economic viability. There are no other recent estimates or data are available to the Company as at the date of this news release and a detailed exploration program is required to be conducted by the Company in order to verify or treat the historical estimate as a current mineral resource. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and the Company is not treating the historical estimate as current mineral resources*