

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 2, 2016) - Timmins Gold Corp. (TSX:TMM)(NYSE MKT:TGD) ("Timmins Gold" or the "Company") is pleased to report its financial results for the third quarter ended September 30, 2016 ("Q3 2016"). The comparative period is the third quarter ended September 30, 2015 ("Q3 2015"). All results are presented in United States dollars ("US Dollars") unless otherwise stated. Readers should refer to the Q3 2016 management discussion and analysis and condensed interim consolidated financial statements for complete information.

"We are very pleased with our financial performance during the quarter and fiscal year to date," stated Interim CEO Mark Backens. "Our cash costs for the quarter of \$785 per ounce and all-in sustaining cash costs of \$846 per ounce were particularly strong and were both 23% lower than the comparable period of the previous year. Of significant note is the great improvement in our balance sheet with over \$33 million of positive contribution over the first three quarters of this year during which our cash balance increased to \$18.5 million from \$9.2 million, our trade payables reduced by over \$12.3 million to \$14.5 million and we have repaid over \$11.8 million in secured debt.

"The recently announced work program for the Ana Paula project is well underway with good advance in all top priority pre-construction activities. The pre-construction budget for Ana Paula will be comfortably funded from our treasury."

Q3 2016 HIGHLIGHTS

Financial performance

- Metal revenues were \$31.2 million compared to \$26.6 million during Q3 2015. This represents a 17.4% increase from the prior year. The primary factor for the increase was an increase in the average realized gold price of \$1,338 per ounce compared to \$1,137 per ounce during Q3 2015. This was partially offset by a decrease in gold ounces sold of 23,327 ounces compared to 23,387 ounces during Q3 2015.
- Earnings from operations were \$29.9 million compared to a loss of \$230.2 million during Q3 2015. The difference was primarily due to an impairment reversal of \$23.7 million during Q3 2016 compared to an impairment charge of \$226.5 million and lower revenues during Q3 2015.
- Earnings and total comprehensive income were \$29.7 million or \$0.09 per share compared to loss and total comprehensive loss of \$180.7 million or \$0.63 per share during Q3 2015.
- Cash provided by operating activities was \$9.8 million or \$0.03 per share compared to cash flows used in operating activities of \$0.9 million or \$0.00 per share during Q3 2015.
- Cash and cash equivalents at September 30, 2016 were \$18.5 million. During Q3 2016, the Company received \$2.25 million in receipts from the sale of the Caballo Blanco Property ("Caballo Blanco"). The Company invested \$0.9 million on expansion programs, \$1.0 million on exploration and evaluation projects, and \$2.0 million on the Ana Paula gold project ("Ana Paula"). Also, the Company received \$3.5 million of its VAT receivable in cash during Q3 2016.
- Working capital at September 30, 2016 was \$22.3 million, an improvement of \$28.4 from September 30, 2015. This increase is a result of cash provided from operating activities increasing to \$24.1 million from \$11.2 million during YTD 2015. The Company sold the Caballo Blanco Property increasing cash by \$9.2 million. The loan facility and debenture were repaid totaling \$10.3 million and \$1.5 million, respectively.

Operating performance

- The Company produced and sold 24,052 and 23,327 ounces of gold, respectively, compared to 23,387 and 23,387 ounces of gold, respectively, during Q3 2015. The production increase was due to an improved average processing grade of 0.61 g/t Au compared to 0.51 g/t Au in Q3 2015.
- The Company's cash cost per ounce on a by-product basis was \$785 (all-in sustaining cash cost per ounce on a by-product basis - \$846) compared to \$1,026 (all-in sustaining cash cost per ounce on a by-product basis - \$1,105) during Q3 2015. These decreases were caused by a lower strip ratio.

Key developments

- On August 22, 2016, the Company announced results of a National Instrument 43-101 technical report for the San Francisco Mine which extends the mine life into 2023.

- On August 11, 2016, the Company announced a pre-construction program, including the start of a feasibility study, for the Ana Paula gold project. The estimated budget for the program is approximately \$9.2 million and includes:
 - \$2.2 million for drilling, including soil sampling and trenching;
 - \$3.4 million for the feasibility work program which includes engineering, metallurgical testing and geotechnical studies; and,
 - \$3.6 million for environmental studies and construction permits.
- On July 20, 2016 ("closing date"), the Company sold the Caballo Blanco Property to Candelaria Mining Corp. ("Candelaria"). Total consideration to be paid was \$12.5 million in cash and the assumption of the \$5.0 million (present value - \$4.7 million) contingent liability payable to [Goldgroup Mining Inc.](#) This equates to a fair value of \$17.2 million on the closing date.

As at September 30, 2016, the Company had received \$9.25 million from Candelaria in cash payments.

Remaining cash payments are to be received as follows:

- \$2.5 million at the earlier occurrence of Candelaria receiving environmental permits or one year following the closing date; and,
- Up to \$0.75 million following the completion of negotiations and settlement with a local party related to land access and rental payments owed by the previous owner.

SUMMARIZED FINANCIAL STATEMENTS AND OPERATING RESULTS

US dollars (thousands) except where noted	Q3 2016	Q3 2015
Gold ounces sold	23,327	23,387
Silver ounces sold	13,868	10,539
Metal revenues	\$31,212	\$26,585
Production costs, excluding depreciation and depletion	\$18,588	\$24,132
Earnings (loss) from operations	\$29,923	\$(230,243)
Earnings and total comprehensive income	\$29,719	\$(180,713)
Earnings per share, basic and diluted	\$0.09	\$(0.63)
Cash flows from operating activities	\$9,844	\$(909)
Total cash and cash equivalents, end of period	\$18,454	\$10,431
Total assets, end of period	\$153,125	\$147,697
Total cash costs per gold ounce on a by-product basis	\$785	\$1,026
All-in sustaining cash cost per ounce gold	\$846	\$1,105
Average realized gold price per gold ounce	\$1,338	\$1,137

Reminder of Q3 2016 results conference call:

The Company's senior management will host a conference call Thursday November 3, 2016 at 11am (ET) to discuss the results of Q3 2016. Participants may join the call by dialing 416-340-2220 or 866-225-2055 (Canada and U.S. toll-free number) or via webcast on link: <http://www.gowebcasting.com/8123>.

A replay of the call will be available until November 8, 2016, by dialing 905-694-9451 or 800-408-3053 (Canada and U.S.). The passcode is 1171723. A live and archived audio webcast will also be available at www.timminsgold.com.

About Timmins Gold

Timmins Gold is a Canadian gold mining company engaged in exploration, development and production exclusively in Mexico. Its principal assets include the producing San Francisco mine in Sonora, Mexico and the development stage Ana Paula project in Guerrero, Mexico. The Company also has a portfolio of other exploration properties, all of which are located in Mexico.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) nor the New York Stock Exchange MKT accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein may constitute forward-looking statements and are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and Canadian securities laws. Forward-looking

statements are statements which relate to future events including projected production (and estimated cash costs). Such statements include estimates, forecasts and statements as to management's expectations with respect to, among other things, receipt of the requisite approvals for business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to liquidity, working capital management and to production, possible capital savings and estimates, and continuing operations at the San Francisco Mine.

In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggestions herein. Except as required by applicable law, the Company does not intend to update any forward-looking statements to conform these statements to actual results.

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