

# ePower Metals Reaches Definitive Agreement to Acquire Los Reyes Gold Project in Mexico

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Vancouver, June 26, 2019 - [ePower Metals Inc.](#) (TSXV: EPWR) (OTCQB: EPWMF) (the "Company") has entered into a definitive assignment and assumption agreement (the "Assignment Agreement"), dated June 25, 2019, with [Minera Alamos Inc.](#) ("MAI"), [Vista Gold Corp.](#) ("Vista Gold"), and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI will assign the rights to an option (the "Transaction") to earn a 100% interest in the Los Reyes Gold Project (formerly known as Guadalupe de los Reyes) ("Los Reyes") in Sinaloa State, Mexico. MAI currently has the right to acquire a 100% interest in Los Reyes, pursuant to an option agreement entered into with Vista Gold. The Assignment Agreement replaces the binding letter of intent, dated April 22, 2019, and entered into between the Company and MAI. The Company is at arms'-length from each of MAI and Vista Gold.

In connection with the Transaction, the Company intends to change its name to "Prime Mining Corp.", and will focus its resources on the immediate development of Los Reyes.

## Terms of the Transaction

To acquire MAI's interest in Los Reyes, the Company must:

- Complete a cash payment of US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment made to Vista Gold on April 23, 2019 (the "April Payment").
- Assume MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold (collectively, the "October Payments"), as follows:
  - US\$1,500,000 due October 27<sup>th</sup>, 2019; and
  - US\$1,500,000 on the earlier of October 27<sup>th</sup>, 2021 or a production decision.
- Issue to MAI 9,450,000 post-Consolidation (as defined below) common shares and 3,350,000 common share purchase warrants entitling MAI to acquire further post-Consolidation common shares at a price \$0.50 per share for a period of twenty-four months.

Concurrently with the entering into of the Assignment Agreement, the Company has entered into a governance and investor rights agreement (the "Governance Agreement") with MAI. Pursuant to the terms of the Governance Agreement, among other things, upon completion of the Transaction, MAI will receive the right to appoint one director to the board of the Company for so long as MAI holds at least 5% of the Company's outstanding common shares and to participate in future financings and transactions completed by the Company in order to maintain its pro rata equity interest in the Company. Upon completion of the Transaction, it is anticipated that Bruce Durham will join the board of directors as MAI's initial nominee under the Governance Agreement.

In connection with the entering into of the Assignment Agreement, the Company is required to advance US\$1,500,000 (the "Deposit") as a deposit to secure the April Payment. The Company has funded the Deposit through a loan of Cdn\$2,000,000 (the "Bridge Loan") which was previously arranged through a group of arm's-length lenders consisting of Andrew Bowering, George Dengin and Perfect Storm Holdings Ltd. (the "Lenders"). The Bridge Loan is unsecured, bears interest at a rate of 12% per annum, compounded monthly, and has a term of twelve months. In consideration for providing the Bridge Loan, the Company is required to pay a commitment fee of \$40,000 (the "Commitment Fee") and intends to issue 1,333,334 post-Consolidation (as defined below) common shares to the Lenders (the "Bonus Shares"). Issuance of the Bonus Shares is subject to the approval of the TSX Venture Exchange (the "Exchange"), and completion of the Transaction.

In the event the Assignment Agreement is terminated for any reason, the obligation of the Company to repay the Bridge Loan, and issue the Bonus Shares, will be extinguished and thereafter the Company's only obligation to the Lenders will be with respect to payment of the Commitment Fee and any interest previously accrued. Following termination of the Assignment Agreement, MAI will have no obligation whatsoever to the Company in respect of the Deposit and the Deposit will form the basis of a private placement to be completed by MAI with the Lenders.

In consideration for introducing the Transaction to the Company, and for assisting in its facilitation, the

Company has agreed to issue up to 1,216,250 post-Consolidation (as defined below) common shares (the "Finders' Shares") to two arms'-length parties (collectively, the "Finders"), Jeremy Ross and Sandwedge Consulting Ltd. A total of 556,250 Finders' Shares will be issued completion of the Transaction, with a further 330,000 Finders' Shares to be issued upon completion of each of the October Payments. Issuance of the Finders' Shares is subject to the approval of the Exchange and completion of the Transaction.

Completion of the Transaction is subject to a number of conditions, which include:

- The Company consolidating its common share capital on a two-for-one basis (the "Consolidation");
- The Company completing a financing of at least Cdn\$6,000,000; and
- Receipt of any required regulatory approvals, including the approval of the Exchange.

The Transaction cannot be completed until these conditions have been satisfied, and there can be no assurance that the Transaction will be completed in a timely fashion, or at all. The Transaction constitutes a "fundamental acquisition" for the Company, under the policies of the Exchange, on the basis that the Company intends to devote the majority of its resources to the development of Los Reyes following completion of the Transaction. As a result, trading in the Company's common shares has been halted, at the request of the Company, pending completion of filings with the Exchange in connection with the Transaction. It is anticipated that trading will remain halted until the Transaction has been completed.

All securities of the Company to be issued to MAI, and the Finders, in connection with the Transaction, will be subject to a four month statutory hold period. In addition, all securities issued to MAI will be subject to further resale restrictions which will require MAI to notify the Company in advance of the disposition of any securities of the Company.

### **Private Placement Financing**

In connection with the Transaction, the Company intends to conduct a non-brokered private placement (the "Financing") of a minimum of 20,000,000 subscription receipts (each, a "Receipt") at a price of Cdn\$0.30 per Receipt. The proceeds of the Financing will be held in escrow pending the Company completing the Transaction. Upon completion of the Transaction, each Receipt will automatically convert into one post-Consolidation unit (each, a "Unit") of the Company. Each "Unit" will consist of one common share of the Company and one-half-of-one common share purchase warrant. Each whole warrant will entitle the holder to acquire a further common share at a price of Cdn\$0.50 per share for period of twenty-four months. All securities to be issued by the Company pursuant to the Financing will be subject to a four-month statutory hold period. The Company anticipates paying finders' fees to certain eligible parties who have introduced subscribers to the Financing.

The proceeds of the Financing are intended to be used to advance exploration and development at Los Reyes, and to satisfy working capital requirements of the Transaction.

### **The Los Reyes Project**

Located 43 kilometres south east of the mining centre of Cosala, Sinaloa, Los Reyes has a mining history that stretches back into the 1700s and has seen mining activity as recently as the 1980s. Recent development work has focused on conventional milling and carbon in leach extraction of gold and silver. The Company envisions a simple heap leach operation that potentially has significantly lower capital costs and shortened time line to production. Los Reyes has significant resource upside with open extensions to known resources as well as eight additional discrete exploration targets.

Los Reyes has a historical estimate of:

To view an enhanced version of this graphic, please visit:

[https://orders.newsfilecorp.com/files/5688/45901\\_c24d6fdef4ef6921\\_002full.jpg](https://orders.newsfilecorp.com/files/5688/45901_c24d6fdef4ef6921_002full.jpg)

The resource model for Los Reyes was prepared by Tetra Tech, Inc. of Golden, Colorado for MAI. The mineral resource estimate has an effective date of February 8, 2013 and is presented in a geological report which was most recently amended and restated April 16, 2018, a copy of which is available under MAI's profile on SEDAR (filed July 31, 2018). [Mineral Resources Ltd.](#) that are not mineral reserves do not have demonstrated economic viability.

The Company is not treating these historical estimates as current and has not completed sufficient work to

classify these historical estimates as current [Mineral Resources Ltd.](#) While the Company is not treating these historical estimates as current, it does believe the work conducted by MAI, Vista Gold, the underlying vendor, and Tetra Tech, Inc., is reliable and the information, which was made publicly available by MAI, may be of assistance to readers. As part of its due diligence process, and as required by the policies of the Exchange, the Company has commissioned Tetra Tech, Inc. to prepare a revised geological report in respect of Los Reyes which will contain a historical resource. Once completed, a copy of the report will be available for review under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)). On close of the Transaction, the Company intends to commence work on a new resource calculation for Los Reyes.

Michael Collins, P.Geo., is Vice President of Operations for the Company and is a qualified person for the purposes of National Instrument 43-101. Mr. Collins has reviewed and approved the technical content in this news release.

#### ON BEHALF OF THE BOARD OF DIRECTORS

Andrew Bowering  
Chief Executive Officer

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*Completion of the Transaction is subject to a number of conditions, including Exchange acceptance. The Transaction cannot close until the required approvals are obtained, and the outstanding conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative*

*The Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*Forward Looking Information: Information set forth in this document may include forward-looking statements. While these statements reflect management's current plans, projections and intents, by their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the control of the Company. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on these forward-looking statements. There is no assurance the transactions noted above will be completed on the terms as contemplated, or at all. The Company's actual results, programs, activities and financial position could differ materially from those expressed in or implied by these forward-looking statements.*

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