

# Braeval Mining Corporation Enters Into Business Combination Agreement With Oban Exploration Limited

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TORONTO, Feb 21, 2014 - [Braeval Mining Corp.](#) (TSX:BVL) ("Braeval" or the "Company") has entered into a definitive business combination agreement with [Oban Exploration Limited](#) ("Oban"), a private company, pursuant to which Braeval will acquire all of the issued and outstanding common shares of Oban pursuant to a three-cornered amalgamation between Oban and a wholly owned subsidiary of Braeval. As a result of the transaction, the holders of Oban common shares will receive 0.914 of a common share of Braeval (on a post consolidation basis) for each Oban common share so held. Following completion of the transaction, the amalgamated company will hold all of Oban's assets and will be a wholly owned subsidiary of Braeval.

Immediately prior to the closing of the transaction, the common shares of Braeval will be consolidated such that a holder will receive 0.318 post-consolidation common shares of Braeval for each pre-consolidation common share so held. As at February 20, 2014, there were 93,767,786 Braeval common shares issued and outstanding. Upon completion of the transactions, including the consolidation and the business combination, Braeval expects to have approximately 100 million issued and outstanding post-consolidation Braeval common shares on an undiluted basis. Approximately 70% of those shares will be held by former shareholders of Oban and 30% will be held by former shareholders of Braeval.

Following completion of the transaction, Braeval expects to change its name to "Oban Mining Corporation" and the Company will be led by the current Braeval management team. In addition, the number of directors on the new company's board will be set at six and be comprised of the five current members of the Braeval board of directors (including two members who are also members of the Oban board of directors) and one additional director who is a current member of the Oban board of directors.

The proposed business combination is expected to provide significant benefits for shareholders, including:

- pooling of cash and mineral resources and significant synergies in exploration and development;
- greater market presence;
- enhanced liquidity, capital market profile and financial strength in challenging times;
- operating efficiencies leading to significant cost reductions; and
- a strong position from which to participate in the anticipated future consolidation in the mining industry.

"We expect that the resulting issuer will be a more robust company with excellent projects and a stronger cash position which will allow us to have flexibility in the current market," said Jose Vizquerra Benavides, President and Chief Executive Officer of Braeval.

The business combination is a "related party transaction" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Securityholders in Special Transactions ("MI 61-101") as Jose Vizquerra and John Burzynski, directors of Braeval are also directors and shareholders of Oban and Jose Vizquerra, Blair Zaritsky, and Gernot Wober, the executive officers of Braeval, are also the executive officers of Oban (collectively, the "Interested Parties"). As a result, the transaction must be approved by: (i) a majority of Shares voted at the meeting other than shares owned or controlled by the Interested Parties; and (ii) a majority of Braeval common shares voted at the meeting. The consolidation, which is a condition to the closing of the transaction, and the change of name must be approved by two-thirds of the shares voted at the meeting.

Farber Financial Group was engaged by a special committee of independent directors (the "Independent Committee") to provide a formal valuation of the Oban common shares (the "Formal Valuation"), as required by MI 61-101. Based upon and subject to the scope of review, major assumptions and restrictions and qualifications contained in the Formal Valuation, Farber Financial Group gave its opinion dated January 31, 2014 that the fair market value of the shares of Oban was in the range of \$0.30 to \$0.60, as of January 31, 2014. The full text of the Formal Valuation, which sets forth the assumptions, qualifications and

considerations in connection with the Formal Valuation will be available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

Cormark Securities Inc. was engaged to provide an opinion (the "Fairness Opinion") to the Independent Committee to the effect that, as of the date of the Fairness Opinion and based upon and subject to the limitation and qualifications therein, the consideration payable by Braeval pursuant to the business combination for the Oban common shares is fair, from a financial point of view, to shareholders.

Based on the Formal Valuation and having considered, among other things, the factors listed above and advice received from its financial and legal advisors, including the Fairness Opinion, the Independent Committee unanimously determined that (i) the transaction was in the best interests of Braeval, and (ii) resolved to recommend that the Braeval board approve the transaction. The Braeval board, which consisted solely of the members of the Independent Committee as Messrs. Vizquerra and Burzynski had recused themselves from any discussion relating to the transactions due to their previously declared interests in the transaction, unanimously determined that the transactions were in the best interests of Braeval and approved the transactions.

Pursuant to the business combination agreement, certain directors, officers and 10% shareholders of Braeval have agreed to support the business combination and related transactions and each entered into a lock up agreements with Oban to vote their Braeval common shares in favour of the resolutions to be passed at the meeting.

The business combination agreement is subject to certain customary conditions, including certain regulatory and shareholder approvals, including the approval of the TSX. In addition, the business combination agreement is subject to the condition that the consolidation be approved and implemented and that all existing outstanding options of Braeval will be cancelled and Braeval will grant new stock options to such persons and in such amounts as determined by the board of directors of Braeval.

### **About Oban Exploration Limited**

Oban is a mineral exploration company focused on the acquisition, exploration, and development of base metal resource properties in Latin America. Oban is actively engaged in the identification, acquisition, evaluation and exploration of mineral properties, and holds options to acquire a 100% interest in four mining concessions covering a total surface area of 1,200 hectares comprising the Marcahui project, and twenty-four mining concessions covering a total surface area of 18,300 hectares comprising the Antamayo project, both of which are located in Peru. The Marcahui project and the Antamayo project are Oban's primary assets. Oban also holds various interests in properties located in Peru including the Chosicano project, Bermejo project, Cevichito project, Magdalena property and other grass root projects (approx. 50,000 ha).

### **About Braeval Mining Corporation**

Braeval is a junior mineral exploration company focused on the exploration and development of precious metals resource properties in Mexico and Peru. The Company holds options to acquire an interest on the Arcopunco in Peru. Braeval Mining is exploring these properties for precious metal deposits including gold, silver and copper.

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

*This press release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. The information in this news release about the anticipated impact of the transactions, may have on the operations of Braeval, as well as the benefits expected to result from the transactions are forward-looking information. Other forward-looking information includes but is not limited to information concerning: the intentions, plans and future actions of Braeval; the timing for the implementation of the business combination and the potential benefits of the transactions; the likelihood of the business combination being completed; information based upon the Formal Valuation and the Fairness Opinion; information relating to the business and future activities of Braeval after the date of this press release; Braeval shareholder and regulatory approval of the transactions; information regarding the grant of new stock options; information regarding the outstanding Braeval common shares; changes in national and local government legislation, taxation, controls and regulations, political or economic developments in Canada, Mexico, Peru, or other countries in which the Company does business or may carry on business in the future; operating efficiencies, synergies in exploration and development and increased liquidity following the business combination operating or*

*technical difficulties in connection with exploration or development activities; and other information that is not historical facts.*

*Any statements that involve 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 information and are intended to identify forward-looking information.*

*This forward-looking information is based on reasonable assumptions and estimates of management of Braeval, at the time it was made involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Braeval to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks relating to uncertainties associated with the transactions, risk relating to the business combination agreement terminating in certain circumstances; risks related to certain directors possibly having interests in the business combination that are different from other Braeval shareholders; risks that other conditions to the consummation of the business combination agreement are not satisfied; global economic climate; dilution; ability to complete acquisitions; environmental risks; and community and non-governmental actions. Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure Braeval shareholders and prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.*

## Contact

### [Braeval Mining Corp.](#)

Jose Vizquerra, President & CEO  
416-848-9504  
jvizquerra@braevalmining.com

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